

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California***

***United States Attorney  
Carol C. Lam***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - April 22, 2004

United States Attorney Carol C. Lam announced that a San Diego tax preparer and investment consultant was arraigned today before United States Magistrate Judge Anthony J. Battaglia in San Diego on an indictment returned by a federal grand jury. The indictment charges Kathleen Alta Harrison with various counts of mail fraud, money laundering, and tax charges.

The indictment alleges that Harrison worked as a tax preparer and investment consultant and obtained investment clients from her established tax customers. Harrison devised a "Ponzi" scheme to defraud and obtain money from her clients in an amount exceeding \$2.5 million. Harrison falsely represented to clients that she would invest their money in real estate, trusts, Certificates of Deposit, and bankers' acceptance notes. The clients were promised that they would receive periodic returns based on earnings from their financial investments. Harrison falsely represented to investors that she was paying interest and other investor remuneration out of actual investment earnings when in actuality the payments were generated from other investors' deposits.

The indictment alleges that Harrison deposited the investment funds she received from her clients into her own bank accounts and used the funds for her own and her family's personal benefit. Harrison falsely endorsed checks in order to deposit the checks into bank accounts she controlled. Harrison also created fraudulent trust documents to deceive financial institutions and convert investor money for her own use. In addition, the indictment alleges that Harrison filed false income tax returns.

Harrison is scheduled to appear before United States District Judge Napoleon A. Jones, Jr. on May 3, 2004, at 8:15 a.m. for motions setting.

### **DEFENDANT**

Kathleen Alta Harrison

### **SUMMARY OF CHARGES**

Mail Fraud in violation of Title 18, United States Code, Section 1341  
Aiding and Abetting in violation of Title 18, United States Code, Section 2  
Maximum penalty per count: five years in prison and fine not to exceed \$250,000

Money Laundering in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i) and  
Title 18, United States Code, Section 1956(a)(1)(B)(i)  
Maximum penalty per count: twenty years in prison and fine of \$500,000 (or twice the involved funds)

Filing a False Tax Return in violation of Title 26, United States Code, Section 7206(1)  
Maximum penalty per count: three years in prison and fine not to exceed \$250,000.

Failure to File a Tax Return in violation of Title 26, United States Code, Section 7203  
Maximum penalty per count: one year in prison and fine not to exceed \$25,000

Criminal Forfeiture

### **AGENCY**

Internal Revenue Service, Criminal Investigation Division  
Federal Bureau of Investigation

**An indictment itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**